

Meeting: Cabinet **Date:** 13th December 2022

Wards affected: Preston Ward (Directly), All Torbay Wards (Indirectly)

Report Title: Leasehold disposal of Parkfield House and Grounds – Outcome of Procurement Process

When does the decision need to be implemented? As soon as possible.

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1. Purpose of Report

- 1.1 A formal procurement process has been undertaken to identify a community partner (or group of partners) to whom Parkfield House and grounds can be disposed of on a leasehold basis. The process was open for application to any partners in the Voluntary, Community, and Social Enterprise sector.
- 1.2 The process has identified the top scoring community partner and as such is the Preferred Bidder based on the evaluation of all submissions in line with the published evaluation criteria. This report summarises the feedback gathered during the evaluation process, for the Preferred Bidder only.
- 1.2 The report seeks approval for the leasehold disposal of Parkfield House and the grounds to the Preferred Bidder as named in Exempt Appendix 4, taking into consideration the feedback gathered through the evaluation process, which is provided in Exempt Appendix 2. It is recommended that Cabinet review this Appendix in full before making a decision about whether or not to proceed.

2. Reason for Proposal and its benefits

- 2.1 We want Torbay and its residents to thrive.
- 2.2 We want Torbay to be a place where we have turned the tide on poverty and tackled inequalities; where our children and older people will have high aspirations and where there are quality jobs, good pay, and affordable housing for our residents.
- 2.3 We want Torbay to be the premier resort in the UK, with a vibrant arts and cultural offer for our residents and visitors to enjoy; where our built and natural environment is celebrated and where we play our part in addressing the climate change emergency.
- 2.4 One of the principles of Torbay Council Asset Management Strategy 2022 – 2027 is to work collaboratively and promote joint working with Voluntary, Community and Faith Sector organisations to identify wider opportunities to benefit the community.
- 2.5 Local people are often best placed to manage community facilities in their area. There are examples where they have made effective use of such assets with local knowledge and hands on management, often resulting in lower overheads and better value for money outcomes. Community organisations have the potential to lever in significant funding and are also able to use volunteers to run facilities.
- 2.6 Stakeholder groups should be encouraged to take control of community assets and have pride in their local area. Managing these facilities can help empower local communities and can bring opportunities for greater independence and financial sustainability. A disposal of Parkfield and some of the wider grounds demonstrates the Council's commitment to using appropriate assets to form long term partnerships with suitable voluntary, community and sports organisations.
- 2.7 Providing the Preferred Bidder can deliver upon their proposals (outlined in Appendix 4), the disposal will provide increased opportunities to improve the wellbeing outcomes of Torbay residents, in particular Children and Young People, as outlined in the Framework for Community Development of Parkfield (see **Appendix 1** for the full framework):
 - (i) Provide a space which supports the wellbeing of our local community, in a way which feels safe and inclusive.
 - (ii) Provide opportunities for people to engage in meaningful activity, connect with others in their community and develop their own networks of support.
 - (iii) Provide opportunities for people to develop skills, knowledge, and confidence, which will help them to raise their aspirations, and maximise their capabilities.
 - (iv) Provide opportunities for early intervention and prevention, connecting people to other community assets and support which may help them to improve their wellbeing or circumstances.
 - (v) Provide opportunities for physical activity and enjoyment of the natural environment.
 - (vi) Ensure that opportunities on offer are accessible to those on low incomes.
 - (vii) Ensure that appropriate Safeguarding measures are in place to protect the most vulnerable in our community who may be accessing the offer at Parkfield.
 - (viii) Provide opportunities for partnership working between organisations which support the wellbeing of local people or provide employment.

- (ix) Work collaboratively with the tenants of My Place to further the achievements of these outcomes across the whole Parkfield site (this would be where appropriate and allow for the conditions required to run an educational establishment).
- (x) Provide opportunities for volunteering, work experience, and/or employment of local residents; in particular young people who are NEET or at risk of becoming NEET, and those furthest from the labour market.
- (xi) Foster a sense of pride in Parkfield as a community asset for all of Torbay.

3. Recommendation(s) / Proposed Decision

- 3.1 Subject to there being no formal objection from the National Trust or the Big Lottery (parties to the title deed) to the proposed disposal; the Chief Executive be authorised, in consultation with the Director of Place, to agree the terms and grant a lease of Parkfield House and grounds to the Preferred Bidder named in Exempt Appendix 4.

Appendices

Appendix 1: Framework for Community Development of Parkfield

Appendix 2: Procurement Panel feedback for Preferred Bidder (Exempt)

Appendix 3: Asset Condition Survey Parkfield House

Appendix 4: Preferred Bidder and Plan of Intent (Exempt)

Background Documents

None

Supporting Information

1. Introduction

- 1.1 In April 2022, Cabinet supported recommendations to pursue a Leasehold Disposal of Parkfield House and grounds; the asset being surplus to the Council's requirements. The intended basis of disposal would be via a long leasehold arrangement of a minimum 25 years; with the Council maintaining ownership and oversight.
- 1.2 A formal procurement process has been undertaken, seeking proposals from partners in the Voluntary, Community, and Social Enterprise sectors, to develop the site to achieve an agreed set of strategic outcomes. A Framework for Development was agreed by Cabinet and provided to partners as the basis on which their proposals should be submitted; this is included in Appendix 1.
- 1.3 The bids were evaluated over three sessions by a panel, moderated by procurement officers. The panel consisted of:
 - Nancy Meehan, Director of Children's Services
 - Joanna Williams, Director of Adults and Community Services
 - Kevin Mowat, Director of Place
 - Alan Denby, Divisional Director Economy, Environment & Infrastructure
 - Kate Spencer, Head of Policy, Performance and Community Engagement
 - Paul Palmer, Head of Assets, Housing & Property Services (TDA)
 - Cllr Swithin Long, Cabinet Member for Housing, Regeneration and Tourism
- 1.4 One bid scored more highly and having passed mandatory requirements and a review of financial and legal standing, we therefore have a Preferred Bidder.
- 1.5 Full details of scoring and panel feedback are provided in Exempt Appendix 2. While the Method Statements were largely scored as acceptable, two areas presented minor concerns to the panel and are set out in Exempt Appendix 2.
- 1.6 Clarification questions were issued to request further detail and assurance on these areas of minor concern. Responses have been received and no further clarifications or concerns raised at this stage.

2. Options under consideration

- 2.1 No alternative options considered at this stage.

3. Financial Opportunities and Implications

- 3.1 At present, the repair and maintenance costs of the site are prohibitive to the Council and will only increase the longer the site remains under used.

- 3.2 A copy of the most recent Asset Condition Survey, undertaken in April 2022, is included in Appendix 3. The survey reports £8,000 of essential work which must be completed within 2 years, a further £93,000 of desirable work required within 3 to 5 years, and £16,500 of longer-term work recommended. At present, this liability sits with the Council.
- 3.3 Disposal would enable the Council to release some or all of this liability, the receiving organisation(s) would have the opportunity to generate income from the site not only to restore and maintain it, but also to develop it further in the long term, in line with agreed conditions. There is potential for the site to become self-sustaining, or even generate additional revenue which could be reinvested into further developments under the right management services.
- 3.3 Should the Lessee be unable to deliver upon their proposals, the site and associated financial liabilities and/or opportunities would return to the Council. This does potentially mean that the Council could find itself back in the position of being responsible for an asset in need of extensive repair without financial recourse against the tenant if the tenant has no money.
- 3.4 A number of clarification questions relating to financial matters were raised by the Head of Finance These were issued to the Preferred Bidder and responses have been received, along with:
- a revised set of financial projections to reflect the changing economic context
 - an outline of alternative funding options; should the Preferred Bidder's grant applications be unsuccessful.

4. Legal Implications

- 4.1 A lease agreement will be required, and certain covenants will need to be observed or resolved.
- 4.2 It is possible to enter into a lease agreement with the Preferred Bidder which would be conditional on the Preferred Bidder obtaining an agreed amount of funding, within an agreed timescale. However, it is not known whether this would satisfy requirements for their grant funding applications.
- 4.2 It is possible to grant a lease with a landlord's break option, which would enable the Council to terminate the lease if the tenant failed to obtain an agreed level of finance within an agreed timescale.
- 4.3 There are currently other users on site, with whom the Council does not have a formal lease agreement. It is possible to make it a requirement of the lease that the Preferred Bidder seeks to accommodate these users, either in the short-term or for a longer period of time.
- 4.4 It is possible that the Council may enter into a lease agreement with the other users of the site sooner, which would then pass to the Preferred Bidder as the superior Lessor.

- 4.5 A number of legal options are available to the Council should we wish to reclaim the asset at any time. These include:
- Forfeiture of the lease
 - Landlord's option to terminate within the lease
 - Landlord's termination clause in conjunction with a Service Level Agreement between the Council and the Preferred Bidder
- 4.6 Although the site is listed as an Asset of Community Value, the proposed disposal would be classed as an Exempt disposal and therefore would not trigger the ACV moratorium.
- 4.7 There are restrictions on the Land Registry title in favour of both the Big Lottery Fund and the National Trust. There has been no objection to the proposed disposal by either party, however formal confirmation would be required should the Council decide to proceed with an expectation the incoming tenant would need to enter into a formal agreement to adhere to the covenants on the Title.
- 4.8 While MyPlace and surrounding external areas are outside of the scope of the proposed disposal, regard would need to be had to the terms of the existing lease with Torbay Education Limited, to ensure no conflict.
- 4.9 The terms of any lease would need to be as detailed as possible, with regard to the lease term, security of tenure provisions, repair, alienation, charging, landlord re-entry, break options, permitted use, alterations, governance, rights and reservations. Input from legal services will be essential to ensure the lease is sufficiently robust.

5. Engagement and Consultation

- 5.1 Formal consultation is not required; extensive engagement has already taken place over the last several years and is on-going through this process.
- 5.2 A new communications and engagement plan will be developed according to the Cabinet's decision.

6. Purchasing or Hiring of Goods and/or Services

- 6.1 Not applicable

7. Tackling Climate Change

- 7.1 Specific outcomes around environmental sustainability were stated in the Framework for Development of Parkfield.
- 7.2 These requirements were satisfactorily addressed within the proposal submitted by the Preferred Bidder.

8. Associated Risks

- 8.1 If a decision is made not to progress the disposal to the Preferred Bidder, we are unable to run a similar procurement again and would need robust justification for not awarding the disposal to the Preferred Bidder. In this case the asset, along with associated liabilities, would be retained by the Council. Further work would then be required to scope alternative strategies for the future of the site.
- 8.2 If a decision is made to progress with a leasehold disposal to the Preferred Bidder, there is a risk that they will be unable to deliver on the intended outcomes, including financial sustainability, and the asset, along with associated liabilities, may have to be handed back to the Council as per the terms of the lease.
- 8.3 The decision is of significant public interest and may have an impact on public perception of the Council by community partners and residents.

9. Equality Impacts - Identify the potential positive and negative impacts on specific groups

This EI matrix has been completed on the assumption that a decision will be made to dispose to the Preferred Bidder, and that outcomes will be delivered according to the agreed Framework.

	Positive Impact	Negative Impact & Mitigating Actions	Neutral Impact
Older or younger people	Improved activities and services to support the wellbeing of Children and Young people, with opportunities for the wider community of all ages to benefit also.		
People with caring Responsibilities			No differential impact specific to this group
People with a disability			No differential impact specific to this group
Women or men			No differential impact specific to this group

People who are black or from a minority ethnic background (BME) (Please note Gypsies / Roma are within this community)			No differential impact specific to this group
Religion or belief (including lack of belief)			No differential impact specific to this group
People who are lesbian, gay or bisexual			No differential impact specific to this group
People who are transgendered			No differential impact specific to this group
People who are in a marriage or civil partnership			No differential impact specific to this group
Women who are pregnant / on maternity leave			No differential impact specific to this group
Socio-economic impacts (Including impact on child poverty issues and deprivation)	<p>Provide opportunities for volunteering, work experience, and/or employment of local residents.</p> <p>Opportunities for people to develop skills, knowledge, and confidence, which will help them to raise their aspirations, and maximise their capabilities.</p>		
Public Health impacts (How will your proposal impact on the general health of the population of Torbay)	<p>Opportunities for physical activity and enjoyment of the natural environment.</p> <p>Opportunities for early intervention and prevention, connecting people to other community assets and</p>		

	support which may help them to improve their wellbeing or circumstances.		
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10. Cumulative Council Impact

10.1 Not applicable

11. Cumulative Community Impacts

11.1 Not applicable